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Coordinated implementation of the Habitat Agenda

Report of the Secretary-General

Summary

The United Nations Human Settlements Programme (UN-Habitat) is deeply committed to supporting the efforts of Member States and the international community in the coordinated implementation of the Habitat Agenda, the Declaration on Cities and Other Human Settlements and Millennium Development Goal 7, to ensure environmental sustainability, and its targets 10 and 11, which call for the reduction by half of the proportion of people without sustainable access to safe drinking water by 2015 and the achievement of significant improvement in the lives of at least 100 million slum-dwellers by 2020.

Since the 2005 World Summit, UN-Habitat has been realigning and readjusting its work in order to provide Member States with a more integrated and cohesive approach to monitoring, policy development, capacity-building and the mobilizing of investment in affordable housing and sustainable urban development, an approach designed to enhance aid effectiveness and going to scale processes by combining the organization's core competencies in support of institutional and policy reform and urban governance with longer-term investment by domestic and international financial institutions. While the approach is enabling UN-Habitat to improve coordination and develop more cohesive and innovative responses to the explosive formation of slums and the widespread lack of access to water and sanitation by the urban poor, the present report highlights the urgent need for Governments and the international community to mainstream the urban agenda at the global, national and local levels and in their respective development assistance frameworks.

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I. Introduction

1. The present report was prepared pursuant to paragraph (c) of Economic and Social Council decision 2005/298. It summarizes the key outcomes and activities undertaken by the United Nations Human Settlements Programme (UN-Habitat) and its partners in the coordinated implementation of the Habitat Agenda. A major thrust of the present report is to highlight the new strategic approach to meeting the goals of the Habitat Agenda in the light of several recommendations of the 2005 World Summit Outcome.[1] Recommendations of particular relevance to the implementation of the Habitat Agenda include global partnerships for development, domestic resource mobilization and investment, gender equality and empowerment of women, peacebuilding and the participation of local authorities, the private sector and civil society.

II. Matching global commitments with the Habitat Agenda: emerging awareness and response

2. The international community recognized the urgency of responding to the urban challenge in adopting the Habitat Agenda in 1996, containing the global plan of action for "adequate shelter for all" and "sustainable human settlements" in an urbanizing world. These goals were further translated into specific targets on slum improvement and water and sanitation as part of the Millennium Declaration and the Johannesburg Plan of Implementation. While those targets provide quantifiable outcomes and a timeline for improving the living conditions of existing slum-dwellers, in the 2005 World Summit Outcome the General Assembly recognized the need to tackle causal factors by calling for concerted measures to prevent the future formation of slums.

Coming to terms with rapid urbanization at the national level

3. Despite growing awareness and commitment at the global level, progress at the country level needs to be greatly accelerated to meet Goal 7, targets 10 and 11, and paragraph 56 (*m*), of the World Summit Outcomes, in a timely manner, for the following reasons:

(a) Until relatively recently, most developing countries underestimated the consequences of rapid urbanization. As a result, slums and squatter settlements have proliferated under the assumptions that investing in rural development can arrest urbanization and that slum-dwellers would graduate to the formal housing sector over time. Both assumptions have proven to be erroneous. Decades of neglect have resulted in the explosion of slums and the informal economy, leading to precarious living and working conditions, poor health and security, environmental degradation and social exclusion;

(b) Investments in urban infrastructure and services lag far behind demographic growth and the physical expansion of towns and cities. An analysis of national development plans, poverty reduction strategies and multilateral and bilateral assistance frameworks reveals that urban development and urban poverty are often overlooked or ranked among the lowest in terms of budgetary allocations;

[1] See General Assembly resolution 60/1.

(c) The lack of financial and technical capacity in many developing countries remains a severe constraint and bottleneck. This is particularly the case with urban local authorities that have the direct responsibility for the management of cities. Recent attempts at decentralization have rarely been accompanied by the allocation of human, managerial and financial resources commensurate to the challenges of rapid urbanization. As a result, many local authorities are ill-equipped to engage in strategic urban planning, local economic development and pro-poor capital investment.

4. The situation has compelled UN-Habitat to develop a new strategic approach in order to mobilize, guide and coordinate a more effective and cohesive response at the national and international levels. That new approach is being developed in close coordination and collaboration with, inter alia, the Executive Committee on Economic and Social Affairs and the United Nations Development Group.

III. Progress in programme implementation

A. A strategic approach in support of sustainable urbanization

5. The response of UN-Habitat to the crisis of rapid and unplanned urbanization consists of an increasingly integrated approach to global monitoring and advocacy, policy development, capacity-building and financing for the development of sustainable human settlements. The objectives of this approach are to: mainstream urbanization and the urban poverty agenda at the global and national levels; strengthen the capacity of national Governments and local authorities to adopt and implement pro-poor gender-sensitive and environmentally sound slum upgrading and water and sanitation policies and strategies; and promote innovative financing mechanisms for pro-poor housing and urban development to help prevent the future growth of slums.

B. Global monitoring and advocacy in support of shelter for all and Millennium Development Goal 7, target 11

Monitoring and reporting

6. A key challenge facing the implementation of the Habitat Agenda is the scarcity of disaggregated data at the urban and suburban levels, especially in rapidly urbanizing countries. Conventional data collection and national-level reporting methods tend to obfuscate the true extent of urban poverty and slum formation, resulting in low priority being accorded to urban development and urban poverty reduction in national development plans and international assistance strategies. This situation has led UN-Habitat to mainstream the collection and analysis of urban data at the global level and to strengthen national and local capacities to do so.

7. Major breakthroughs have been achieved in establishing strategic partnerships at the global and national levels in the monitoring of slum formation, urban poverty and deprivation, as well as in assessing gender issues in water and sanitation. Key partners at the global level include the Department for International Development, the United States Agency for International Development, the World Bank, the Cities Alliance initiative, the Statistical Division of the United Nations Secretariat, the

United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF). At the regional level, a rapid gender assessment methodology for water and sanitation was developed and applied in 18 countries in Africa and Asia. At the national level, 22 national urban observatories and 125 local urban observatories have been established with the assistance of UN-Habitat throughout Africa, Asia, Europe and Latin America. The outcomes of these coordinated efforts include: (a) a commonly agreed definition for slums endorsed by the Inter-Agency and Expert Group on Millennium Development Goal Indicators; and (b) the introduction of new methods for data collection and analysis. A further step was also taken in 2006 in mainstreaming gender considerations in the area of pro-poor water and sanitation through rapid gender assessments in 18 countries in Africa and Asia. The new assessment methods are making inroads in changing conventional monitoring and reporting to provide disaggregated and gender-sensitive data and analysis of urban poverty and deprivation at the city and intra-city levels. Results to date include new statistical evidence in the form of Habitat Agenda indicators on the magnitude of slums, slum formation and urban poverty. This evidence was reported for the first time in the UN-Habitat *Global Report on Human Settlements 2003* and further refined and expounded in the *State of the World's Cities 2006/2007*. Similarly, at the fourth World Water Forum, UN-Habitat presented the second edition of its global report on *Water and Sanitation in the World's Cities*, which focuses on the specific needs of secondary towns in developing countries where urban growth rates are among the most rapid in the world. An extract of the report and its main findings form the chapter on urbanization in the *World Water Development Report* produced by UN-Water.

The urbanization of poverty

8. The above reports conclude that the urbanization of poverty is one of the most daunting challenges of the twenty-first century, with an estimated one billion people currently living in slums in cities throughout most of the developing world. Projections show that this figure could easily reach two billion by 2030 unless urgent action is taken to improve the living conditions of existing slum-dwellers and to prevent the formation of new slums. Surveys also show that the combination of high-density occupation and the lack of predictable income and access to decent shelter, water and sanitation render the urban poor as vulnerable as their rural counterparts to poor health, disease and malnutrition. In many cases, the urban poor are also less resilient, as they depend on monetary means to access shelter, food, energy, water, health and education. Another major conclusion of the reports was that the implementation of the Habitat Agenda and the attainment of the internationally agreed development goals, including Millennium Development Goal 7, targets 10 and 11, will require robust and concerted action by national Governments and the international community working together with local authorities and poor urban communities.

Advocacy, knowledge management and the exchange of best practices

9. The above-mentioned findings have helped put urban issues on the international reporting and development agenda, which had previously focused largely on issues of rural poverty. In monitoring and reporting terms, the United Nations Statistical Commission has made human settlements statistics a major concern. Collaborative efforts between UN-Habitat, the Commission and UNFPA

have resulted in the inclusion, for the first time, of data collection on issues pertaining to the Habitat Agenda goals for the 2010 Population and Housing Census Programme. Similarly, collaborative efforts with the United States Agency for International Development and UNICEF have resulted in the incorporation of relevant survey questions in their respective monitoring instruments, including the demographic and health survey and the multiple indicator cluster surveys. In terms of development agendas, the findings have prompted a number of agencies, bilateral donors and international financial institutions to enlarge their focus and include urban issues and urban poverty in their respective development programmes.

10. At the intergovernmental level, the African Union and the New Partnership for Africa's Development (NEPAD) have provided strong leadership with robust support from Africa's bilateral and multilateral development partners. The African Development Bank, with support from UN-Habitat, reviewed its draft strategy for the urban sector. The African Ministerial Conference on Housing and Urban Development, held in Durban, South Africa, from 31 January to 4 February 2005, held a special session in Nairobi on 3 and 4 April 2006 devoted to the attainment of the Millennium Development Goals. Preparations for the first Asian and Pacific Ministerial Conference on Housing and Urban Development are under way; the conference is expected to be held during the third quarter of 2006.

11. At the global level, two international conferences were held in 2005 in collaboration with national Governments, local authorities and civil society organizations in support of knowledge management and the exchange of lessons learned from successful initiatives in attaining internationally agreed development goals. Partnerships with the cities of Medellin, Colombia, and Seville, Spain, have enabled UN-Habitat to provide value-added services in support of the transfer of best practices and more effective North-South and South-South cooperation, as called for by paragraph 40 of the 2005 World Summit Outcome. Preparations for holding the third session of the World Urban Forum, in partnership with the Government of Canada, in June 2006 in Vancouver, were well under way at the time of reporting. That non-legislative conference will serve as an open forum for the exchange of knowledge, expertise and lessons learned from experience in raising awareness of the issues of urbanization and in informing and advising the Executive Director of UN-Habitat in furthering the implementation of the Habitat Agenda. The 2006 session will be devoted to "Sustainable cities: turning ideas into action" and is expected to attract over 6,000 representatives of Governments, local authorities, civil society and non-governmental organizations.

C. Policy development

12. Policy development activities coordinated by UN-Habitat continue to be spearheaded by its twin global campaigns on urban governance and secure tenure. These activities are informed by applied research, lessons learned from best practices and consultations with key stakeholder groups. They focus on the commonly defined priority issues of urban economics and finance; land tenure and administration; urban governance, including decentralization and the empowerment of local authorities; and urban safety and security, including youth at risk. Gender equality and the empowerment of women are at the core of and are mainstreamed throughout all activities.

Urban finance and local economic development

13. Activities led by UN-Habitat in the area of urban economics and finance are aimed at identifying and assessing policy options and developing innovative tools and instruments for strengthening the capacity of Governments and local authorities to mobilize resources for financing urban infrastructure and services and to stimulate urban economic development for job creation and poverty reduction. Such activities are conducted in collaboration with a global network of research institutes, the World Bank, the Asian Development Bank, the Inter-American Development Bank and the Economic Commission for Latin America and the Caribbean and are widely disseminated through publications and international forums. Similarly, work continued in 2005 and 2006 following the successful launch of an interregional conference on strategies for enhancing an urban-rural linkage approach to development and promotion of local economic development, with country-level activities initiated in the Lao People's Democratic Republic and Nepal. Activities combine human settlements planning and infrastructure development to reinforce the role of urban centres as marketplaces for rural and agricultural production while improving services to rural areas to help make globalization work.

14. *Financing Urban Shelter: Global Report on Human Settlements 2005* constitutes a state-of-the-art review of pro-poor gender-sensitive urban economic and finance policies and strategies. Both the report and findings of specialized studies are helping to define the collaborative work of UN-Habitat with international and domestic financing institutions on mobilizing foreign and domestic investment to help Member States to meet Goal 7, target 11, of the Millennium Development Goals on slum upgrading and to invest in pro-poor housing and urban development to prevent the future formation of slums, as called for in the 2005 World Summit Outcome.

Pro-poor land tenure, property administration and housing rights

15. The Habitat Agenda identifies land tenure as one of the critical areas in which more enabling policies and rights-based legislation are required to meet the housing and basic needs of the poor. While UN-Habitat has continued to work on the progressive realization of housing as a human right in close collaboration with the Office of the United Nations High Commissioner for Human Rights (OHCHR) and various non-governmental and civil society organizations, a major new development was the establishment of the Global Land Tool Network in 2005 to strengthen the capacity of Governments and local authorities to adopt and apply pro-poor, gender-sensitive land tools in support of Millennium Development Goal 7, target 11.

16. Key areas of focus include land taxation, land information and land administration, management and planning. Policy guidelines and publications have been produced based on the analysis of land law reform and property administration issues in selected countries in Africa and Latin America, in the Balkan States and in countries where Islamic land law is practised. Pioneering work has been undertaken by the Network in the area of women's property, land and inheritance rights, which are of particular relevance to Millennium Development Goal 3 on women's empowerment and paragraph 58 of the World Summit Outcome on women's property and inheritance rights. The Network represents a collaborative effort between multilateral institutions including the World Bank, the Food and Agriculture Organization of the United Nations (FAO) and the United Nations

regional commissions, bilateral donor agencies, research organizations and professional associations. High-profile multi-stakeholder meetings were held in Africa, in Arab States and countries of the Commonwealth of Independent States (CIS) to disseminate new and improved land tenure and administration tools and to foster the exchange of best practices among Member States. Results to date have been very encouraging, with more than 10 countries in Africa and other countries such as Brazil and the Philippines having already adopted innovative approaches. Much remains to be done, however, to strengthen the capacity of national and local institutions to incorporate these new approaches as part of institutional and policy reform.

Urban governance and strengthening the role and contribution of local authorities

17. Paragraph 174 of the 2005 World Summit Outcome underlines the important role of local authorities in contributing to the achievement of the internationally agreed development goals and further reinforces paragraph 12 of the Istanbul Declaration on Human Settlements,[2] which recognizes "local authorities as our closest partners ... in the implementation of the Habitat Agenda". Promoting effective decentralization continues to be a core element of the UN-Habitat strategy to strengthen the capacities of local authorities as first-tier providers of basic services, to improve local governance and to deepen democracy at the local level.

18. At the intergovernmental level, at its twentieth session the Governing Council of UN-Habitat reviewed a draft of international guidelines on decentralization. The review led to the adoption of Governing Council resolution 20/18 on decentralization and strengthening of local authorities, inviting Governments to provide further comments on the draft guidelines and the secretariat to take those comments into account to finalize the guidelines in 2006 with the support of the Advisory Group of Experts on Decentralization. The revised guidelines are to be presented to the Governing Council for its consideration at its twenty-first session in 2007. In the same resolution the Governing Council also requested the Executive Director of UN-Habitat to assist the United Cities and Local Governments organization to develop the concept of a global observatory to assess, monitor and evaluate the state of decentralization and accountability as important conditions for achieving the goals of the Habitat Agenda.

19. UN-Habitat has been working closely with the Advisory Committee on Local Authorities, the leadership of the United Cities and Local Governments organization and representatives of national Governments towards effective implementation of resolution 20/18, including the revision of the draft international guidelines on decentralization in close consultation with the Advisory Group of Experts on Decentralization, and a cooperation agreement with the Government of France for establishing the Global Observatory of Local Democracy and Decentralization. The anticipated adoption of the guidelines by the Governing Council of UN-Habitat and the establishment, in collaboration with the United Cities and Local Governments organization of the Observatory will provide important impetus for the adoption by Member States of more enabling policies and legislation to empower local

[2] See *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996* (United Nations publication, Sales No. E.97.IV.6).

authorities to play an active role in the implementation of the Habitat Agenda and the attainment of Millennium Development Goal 7, targets 10 and 11.

Urban safety and security: enhancing the role of local authorities and civil society

20. The lack of urban safety and security is a major impediment to mobilizing foreign and domestic resources and investment, to promoting gender equality and the empowerment of women and to ensuring peace and stability. In the previous reporting period, UN-Habitat completed a series of regional consultations, international conferences and fact-finding investigations in the form of victimization surveys in selected cities in Africa, Asia and the Pacific, Latin America and countries with economies in transition. The findings of the studies and the recommendations resulting from the consultations and conferences form the basis of the current phase of testing and applying pro-poor gender-sensitive policies and participatory strategies for combating urban crime and violence. The strategy consists of establishing multi-stakeholder action plans, formulating institutional and legislative change to support implementation, and creating regular review mechanisms to monitor progress. Pilot implementation programmes are under way in 23 cities in 15 countries in Africa, Asia, Latin America and in countries with economies in transition. Key partners include the United Nations Office on Drugs and Crime, the Economic and Social Commission for Asia and the Pacific and UNICEF. A key focus of pilot activities is the mobilization and active participation of civil society organizations, women's groups and youth at risk.

D. Capacity-building and technical advisory services

21. UN-Habitat capacity-building and technical advisory services are designed to respond to requests by Member States to assist in adapting and applying global norms and policy guidelines in support of the implementation of the Habitat Agenda and the Millennium Development Goals. Their focus is to strengthen institutional capacities at the national and local levels and to create an enabling environment for effective public, private and civil society partnerships. Key activities include training, local leadership development, multi-stakeholder consultations, ad hoc advisory services and the adaptation and use of participatory planning tools and pro-poor policy instruments.

Reducing urban poverty

22. Effective urban poverty reduction and social inclusion depends to a large extent on access to housing and basic urban services by the urban poor. The strategic focus of UN-Habitat activities in this area is to assist Member States to significantly reduce housing and infrastructure shortages and to improve the delivery of basic urban services. Over 70 countries in Africa, Asia and Latin America, including Arab States, are in the process of implementing housing and infrastructure development projects as well as initiatives in improving urban governance and management with the assistance of UN-Habitat, working in partnership with the United Nations Development Programme (UNDP), the European Commission, the World Bank, regional development banks and bilateral donors. Key results include the adoption of pro-poor land policies, inclusive and affordable housing strategies, and improved access by the urban poor to urban basic services.

Sustainable reconstruction, disaster prevention and peacebuilding

23. The poor are often the most severely affected victims of natural disasters and conflicts and the last to benefit from reconstruction and the restoration of livelihoods, as shown by a recent report by the Office of the United Nations High Commissioner for Refugees (UNHCR) highlighting the growing number of internally displaced people. UN-Habitat experience has shown that human settlements planning and management, and especially the restoration of property rights, are key determinants to sustainable reconstruction, the restoration of livelihoods and peacebuilding. For this reason, UN-Habitat has adopted an integrated capacity-building approach to post-disaster/post-conflict land management and administration, settlement planning and risk and vulnerability reduction. That approach is currently being applied by UN-Habitat in collaboration with national agencies, bilateral donors and other United Nations agencies in tsunami, earthquake and flood-affected communities in Asia, Mozambique and the Bolivarian Republic of Venezuela, and in post-conflict communities in Afghanistan, Burundi, the Democratic Republic of the Congo, Timor-Leste, Haiti, Iraq, Liberia, Rwanda, Sierra Leone, Somalia and the Sudan. Activities combine policy advisory services, capacity-building and technical assistance to: rebuild and strengthen local government capacity; promote timely resettlement and reconstruction through the restoration of property rights; enhance disaster preparedness and reduce the risk and vulnerability of the poor through integrated land and water management, improved building standards, planning norms and construction technology; and restore livelihoods, including the reintegration of ex-combatants and ex-militia in civil society, through skills and vocational training. At the inter-agency level, since becoming a member of the Executive Committee on Humanitarian Affairs, UN-Habitat has been actively involved in mainstreaming a more sustainable approach to the shelter, land and property dimensions of system-wide humanitarian response and serves as the focal point for such issues in the Inter-Agency Standing Committee working groups.

Rapid urban sector profiling for sustainability

24. The Regional Urban Sector Profile Study is a rapid, action-oriented assessment tool that helps Member States to identify key institutional, legislative and structural issues and to facilitate consensus on effective response mechanisms for urban poverty reduction. It also integrates urban concerns within poverty reduction strategy papers, the United Nations Development Assistance Framework process and the development efforts of development partners and government institutions. They provide a road map for addressing urban needs and gaps through capacity-building and demonstration projects aiming at poverty reduction through strategic interventions. The Study represents a structured and coordinated approach to priority interventions and is being jointly developed by UN-Habitat and the European Commission. The Study's programme consists of three phases: rapid, participatory urban profiling at the national and local levels, focusing on governance, slums, gender and the environment, complete with proposals for intervention; feasibility studies for priority areas of action; and follow-up implementation. The programme expanded its activities in 2005 to Afghanistan, Burkina Faso, Cameroon, the Democratic Republic of the Congo, Egypt, Eritrea, Ethiopia, Ghana, Iraq, Kenya, Lebanon, Lesotho, Liberia and the Libyan Arab

Jamahiriya through city development strategies in support of local economic development.

Urban environmental planning and management

25. Rapid and unplanned urbanization is a major cause of poor environmental health and environmental deterioration. Owing to their illegal status, unplanned settlements rarely benefit from adequate solid and liquid waste disposal and storm water drainage. Consequences include the spread of easily preventable diseases and contamination of the local environment. Such consequences are further exacerbated by the lack of pro-poor energy policies, obliging many of the urban poor to rely on wood and charcoal as a source of fuel. These issues were fully acknowledged at the intergovernmental level at the thirteenth session of the Commission on Sustainable Development, which called for a concerted and integrated approach to human settlements and water and sanitation, and also at the Commission's fourteenth session, which called for further examination of the relationship between the attainment of the Millennium Development Goals and energy. At the city and national levels, the Localizing Agenda 21 and the joint UN-Habitat/United Nations Environment Programme (UNEP) Sustainable Cities programmes have become a primary tool within the United Nations system for supporting the implementation of both Agenda 21 and the sustainable urbanization goal of the Habitat Agenda. Both programmes have sharpened their focus to address the Millennium Development Goals and to help implement the targets of the Johannesburg Plan of Implementation. Technical assistance, capacity-building and policy advisory services are currently being provided to 80 cities in 26 countries in Africa, the Asia-Pacific region, Europe and Latin America, including Arab States, to design and implement local action plans. Global and regional activities include the dissemination of a number of environmental planning and management tools, information outreach and advocacy through networking with local partners and international support programmes. UN-Habitat also participated in the African Ministerial Conference on the Environment, which adopted an urban component in its five-year rolling plan for focusing on capacity-building of national Governments and local authorities in environmental planning and management and implementing the NEPAD sustainable city programme.

E. Mobilizing domestic resources and investment in pro-poor housing and urban development

26. Financing affordable housing and urban development remains one of the major stumbling blocks for rapidly urbanizing countries and the principle reason why the 2005 World Summit Outcome specifically highlighted the catalytic role of the United Nations Habitat and Human Settlements Foundation. The Slum Upgrading Facility and the Water and Sanitation Trust Fund of the Foundation are currently assisting countries in Africa and Asia to develop and apply innovative approaches and financial instruments to support public expenditure with domestic capital, loans and microcredit facilities to finance pro-poor housing and urban development and water and sanitation. Both the Trust Fund and the Facility combine the cross-cutting mandate and core competencies of UN-Habitat in human settlements planning and management with the sectoral mandates and financing capacities of international financial institutions.

Resource mobilization in support of attaining Millennium Development Goal 7, target 10

27. In its support to Member States for the water and sanitation targets of the Millennium Development Goals, UN-Habitat continues to take the lead in packaging capacity-building technical assistance with domestic and international finance. That approach is currently being implemented in partnership with both the African Development Bank and the Asian Development Bank and with the support of bilateral donors in 18 countries in Africa and Asia. A major outcome of the approach is the reduction in the gap between capacity-building technical assistance and going to scale processes. Aid efficiency is also greatly enhanced since political will in implementing institutional, legal and policy reforms and good governance are matched with fast-track grants and capital investment, resulting in timely and tangible improvements in access to water and sanitation by the urban poor. Following the previously reported agreement in 2005 between UN-Habitat and the Asian Development Bank, involving $500 million for pro-poor water and sanitation investments in Asian cities, a similar agreement was signed in 2006 with the African Development Bank to support fast-track investments in pro-poor gender-sensitive water and sanitation amounting to $540 million, bringing the total amount of follow-up investment to more than $1 billion in the two regions.

Mobilizing domestic capital in support of Goal 7, target 11, and paragraph 56 (m) of the 2005 World Summit Outcome

28. A key challenge in slum upgrading and the prevention of the future formation of slums is overcoming the perceived risks by the private sector in investing in pro-poor housing and urban development. Further progress has been made on the development of the UN-Habitat Slum Upgrading Facility, as reported in 2005. The Facility combines the technical expertise, convening power and confidence-building abilities of UN-Habitat to forge framework agreements among private sector banking and non-banking financial institutions, community-based microcredit facilities, central and local governments and urban poor communities to engage in slum upgrading and to increase the supply of affordable housing for low-income groups. Four countries have been selected for the 2005-2008 pilot phase (Ghana, Indonesia, Sri Lanka and the United Republic of Tanzania), while pipeline and consultative activities continue in Kenya and Uganda. In Ghana, design work has been undertaken with the HFC Bank of Ghana in establishing targeted low-income housing finance products that would work in conjunction with specific upgrading projects being designed with local authorities. In Indonesia, the cities of Jakarta and Yogyakarta have spearheaded projects for upgrading slums that involve civil society organizations and the slum-dwellers themselves. In Sri Lanka, partnership arrangements between slum-dwellers' federations and city authorities have produced the design of land-sharing initiatives that will attract private sector finance. In the United Republic of Tanzania, the Tanzanian Women's Land Access Trust has developed innovative financing strategies in the development of new low-income housing, with assistance from the local government. In Kenya, a partnership between UN-Habitat, government agencies and local authorities has established working methodologies for private sector finance. The pilot programme will test the methodologies that were developed in close collaboration with the World Bank, the Cities Alliance, the Private Infrastructure Development Group and domestic financial institutions.

IV. Lessons learned and recommendations

29. While considerable progress has been made in furthering the coordinated response to the implementation of the Habitat Agenda at the global level, substantial obstacles remain in scaling-up efforts at the national and local levels to address the complex issues of rapid urbanization and urban poverty. The situation is exacerbated by the predominantly sectoral approach of the international community in providing support for the efforts of Member States in attaining the internationally agreed development goals. The consequences include fragmented, uncoordinated and often contradictory policymaking when it comes to cities and towns in which half of the population targeted by the Millennium Development Goals now live. Attaining the Goals in urban areas will require a much more integrated approach, which will deal with the growing crisis of rapid and unplanned urbanization in a holistic manner and recognize the important role of local authorities in planning and mobilizing investments in urban infrastructure and basic services. Support for efforts to attain the Millennium Development Goals and to sustain the benefits accrued beyond target dates in rapidly urbanizing countries will depend to a large extent on strengthening effective partnerships among Governments, local authorities and the international community to work with local stakeholders in a concerted manner. The current situation is both dysfunctional and disempowering. Local authorities and civil society organizations, including the private sector, are seldom consulted in the formulation of poverty reduction strategy papers, common country assessments, the United Nations Development Assistance Frameworks or other development frameworks, and they are also often bypassed by sector-specific support and interventions resulting in uncoordinated responses. The specific recommendations below are made to address these issues.

30. Governments are encouraged to accord the highest priority to assessing and monitoring trends in slum formation, urban poverty and urban deprivation as a basis for informing and adopting pro-poor gender-sensitive urban policies and strategies to improve the living conditions of slum-dwellers in accordance with Millennium Development Goal 7, targets 10 and 11, and are invited to collaborate with UN-Habitat in the integrated monitoring, reporting and advocacy of those targets.

31. Governments are encouraged to mainstream the urban agenda in preparing and implementing comprehensive national development strategies to achieve the commitments of the Habitat Agenda and the Millennium Development Goals, as called for by paragraph 22 (*a*) of the 2005 World Summit Outcome.[1] They are also encouraged to ensure that the issues of urban poverty and the urban dimension of attaining internationally agreed development goals figure prominently as an integral part of common country assessments, poverty reduction strategy papers and the overall scope of work of the United Nations Development Assistance Framework process.

32. Governments are invited to work with the UN-Habitat integrated and multi-stakeholder approach to implement pro-poor housing, water and sanitation and urban development, to scale-up slum prevention and slum improvement and to ensure effective participation of local authorities, the

private sector and civil society, as called for by paragraphs 56 (*m*) and 174 of the 2005 World Summit Outcome.

33. Governments in a position to do so are invited to support the UN-Habitat integrated and concerted approach to monitoring, capacity-building and financing in support of the implementation of the Habitat Agenda and Millennium Development Goal 7, targets 10 and 11, through increased non-earmarked contributions to enable more effective and timely response to requests for assistance from Member States, as well as contributions to the United Nations Habitat and Human Settlements Foundation and its Slum Upgrading Facility in support of the implementation of paragraph 56 (*m*) of the World Summit Outcome.

34. Governments are also encouraged to designate a single focal point for urban affairs in their interaction with United Nations country teams as a means of enhancing cohesive and coherent international support to the attainment of the Habitat Agenda and the Millennium Development Goals in urban areas and to ensure mutually reinforcing support and overall aid effectiveness.